

United States Senate

WASHINGTON, DC 20510-1401

February 3, 2012

Eric Albertson, President
Washington County Farm Bureau
5771 East Farabee Road
Salem, Indiana 47167

Dear Friends and Fellow Farmers:

It is with great pride that I commend Eric Albertson and the Washington County Farm Bureau for their efforts in organizing this reception. I regret that I could not join you today, but I appreciate the opportunity to share my thoughts with you. I value your leadership and input as we work to develop proactive farm policy reforms that save taxpayer dollars.

In an effort to provide useful recommendations to the Joint Select Committee on Deficit Reduction (Joint Committee) in the fall, Congressman Marlin Stutzman and I began to reach out and visit with a number of concerned Hoosier farmers and citizens on a variety of food and agricultural issues. Based on these valuable conversations, we identified several areas where policy reforms could provide more reliable protection for those who need it, as well as real budget savings.

So, on October 5, 2011, we introduced the Rural Economic Farm and Ranch Sustainability and Hunger (REFRESH) Act in both chambers. This bill delivers an estimated **\$40 billion** in savings over the next ten years by implementing real reforms to U.S. farm and food support programs. The reforms address a broad spectrum of farm bill spending, including producer support, conservation, nutrition, energy, and research programs. The REFRESH Act creates a true producer safety net that will serve more farmers more fairly, while being responsive to regional and national crises that endanger the continuing success of America's farmers. The bill also improves accuracy and efficiency in federal nutrition programs, while protecting America's hungry.

I have included a short summary of the REFRESH Act with this letter, along with a recent op-ed on the bill. If you would like to learn more about this legislation, or to follow our farm bill progress, please visit my Agriculture and Farm Policy website at: <http://lugar.senate.gov/issues/ag/> or contact Megan Provost in my Washington, DC, office at megan_provost@lugar.senate.gov or (202) 224-4814.

I look forward to continuing to work with you through this farm bill process and I thank you for your continued work in Indiana agriculture.

Sincerely,



Richard G. Lugar
United States Senator

The Rural Economic Farm and Ranch Sustainability and Hunger Act

Senator Richard Lugar and Congressman Marlin Stutzman

The **Rural Economic Farm and Ranch Sustainability and Hunger (REFRESH) Act of 2011** will save an estimated **\$40 billion** in taxpayer money over the next ten years. The REFRESH Act creates real reforms to U.S. farm and food support programs that will serve more farmers more fairly and that will improve accuracy and efficiency in federal nutrition programs, while protecting America's hungry.

Specifically, the REFRESH Act:

- 1. Reforms and eliminates outdated farm subsidies by providing a producer safety net for all producers, saving \$16 billion over ten years.**
 - Eliminates direct payments, counter-cyclical payments, ACRE payments, marketing assistance/loan deficiency payments, and mandatory loans and price support provisions for sugar
 - Establishes an aggregate risk and revenue management (ARRM) program for producers that protects against losses between 75% and 90% of the expected crop revenue, subject to compliance with conservation measures
 - Establishes a voluntary margin protection program for dairy producers that covers 80% of a producer's production history when margins fall
 - Provides opportunity for farmers to purchase additional insurance to insure gross revenue and makes whole farm insurance available
- 2. Protects our nation's resources with financially sound conservation reforms, saving \$11 billion over ten years.**
 - Reduces acreage-idling by lowering the cap on the Conservation Reserve Program to 24 million acres and allowing 8 million acres of productive land to return to agricultural production
 - Streamlines federal easement programs, improving efficiencies and making the taxpayer dollar go farther by encouraging productive use of lands
 - Streamlines federal working land programs to allow for less bureaucracy and easier processing
- 3. Closes loopholes and eliminates government overlap in federal nutrition programs, saving \$14 billion over ten years.**
 - Eliminates broad-based categorical eligibility for the Supplemental Nutrition Assistance Program (SNAP), limiting eligibility to only those receiving cash benefits from a qualifying program
 - Reduces government overlap and duplication of 47 federal employment and training programs by relieving the U.S. Department of Agriculture of its job training responsibilities
 - Improves enforcement of SNAP by eliminating the investment option for states sanctioned for improper payments for three consecutive years
- 4. Ensures creation of rural jobs in new and renewable energy.**
 - Encourages development and marketing of biobased products, bolstering consumer choice and encouraging new market opportunities in rural America
 - Leverages private investment in biorefineries, on-farm energy feedstocks, and on-farm energy efficiency improvements and encourages the demonstration of technological and economic opportunity for energy innovations
 - Reduces energy costs for rural homes and small businesses by facilitating low-interest loans to rural consumers for energy efficiency retrofits
- 5. Continues the future of American agriculture through research initiatives.**
 - Provides states with flexibility to attract private funding in lieu of the current matching funds requirement for federal funding and grants
 - Reforms the Biomass Research and Development Initiative

LUGAR & STUTZMAN:

Reform farm programs and harvest savings

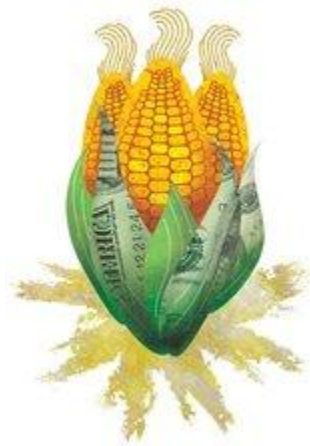
It's time to stop subsidizing farmers even when they're profitable

By Sen. Richard Lugar and Rep. Marlin Stutzman

Illustration: Farm subsidy by Greg Groesch for The Washington Times

The Washington Times

Tuesday, November 8, 2011



“The greatest advances of civilization, whether in architecture or painting, in science and literature, in industry or agriculture, have never come from centralized government.” - Milton Friedman

As our congressional colleagues on the super- committee struggle to close the yawning budget gap that threatens our economic future, there is one obvious source of savings: a market-distorting, intrusive special-interest-driven government program that wastes billions of dollars, raises consumer prices and restricts businessmen's decisions. We are talking about America's farm and food subsidy programs - outdated, inefficient and in dire need of reform.

We are businessmen-farmers ourselves. We know that the national debt crisis endangers the prosperity of all and that wasteful farm program spending has been a real contributor over the years. That's why we've introduced the REFRESH (Rural Economic Farm and Ranch Sustainability and Hunger) Act, a deficit reduction bill that cuts an estimated \$40 billion over 10 years, ends policies that work against market forces and offers insurance options for farmers. As the supercommittee gropes for solutions, our bill remains the only comprehensive piece of agriculture legislation that can claim this level of savings combined with fundamental reforms.

The REFRESH Act would eliminate the practice of writing checks every year to farmers regardless of need, which causes significant inflation of land rents and other input costs. It would do this by scrapping the \$5 billion annual direct payment system that manipulates markets and restricts farmers' freedom by barring them from planting certain crops on their land.

To provide a genuine safety net for our nation's food producers, we've proposed an aggregate risk and revenue management program that protects farmers against "shallow-losses." Unlike direct payments currently in place, this program wouldn't blindly send money out the door but rather only when farm revenues actually fall. This program would complement the proven private-public crop insurance market for catastrophic loss that covered 255 million acres last year.

Our bill tackles other specific programs that hurt America's economy. For instance, thanks to technocratic price-fixing, U.S. consumers today pay nearly double for their sugar. Government manipulation levies an indirect tax of an extra \$4 billion each year in food prices. Stringent controls and artificial barriers should be the antiquated relics of the Eastern bloc, not mainstays of U.S. policy. Our legislation would end the current system of trade quotas and tariff barriers, promoting competition and increased quality for domestic sugar users.

American dairy farmers face their own labyrinth of regulations and controls. Our REFRESH Act would give dairymen simple, voluntary risk management tools. By eliminating a complicated dairy price support program and milk income loss contract program, we offer producers the option to participate in a simpler insurance system. While not perfect, these reforms would move the future of dairy toward a freer market with, we believe, significant backing from the often-divided dairy community.

Likewise, conservation programs remain important for erosion control, wildlife habitat and passing on healthy land to the next generation. But much of the land in the 32-million-acre conservation reserve program was put there in a price- and market-manipulating effort to stop farmers from growing food. Today, there's no compelling argument for the government to lock up rich farm land. American farmers are the world's most productive. We propose opening up 8 million acres to let them do what they do best - supply global demand.

We also seek to reduce waste in food and nutrition programs, which actually account for more than 75 percent of annual farm bill spending. By closing loopholes in the food stamp program that grant eligibility to some who are not truly needy, we could achieve a modest 2 percent reduction in overall nutrition spending and cut \$14 billion over the next 10 years. We can meet legitimate needs and also fulfill our budgetary obligations.

We know firsthand the anti-free-market impact of these farm programs because we participate in some of them in order to remain competitive with our farmer neighbors. We also know that slashing government spending must be our nation's No. 1 priority. There has never been a better time for change - thanks to foreign demand and strong prices, farm incomes are at record levels.

We urge the supercommittee to act quickly to adopt the REFRESH Act plan for the benefit of all Americans.

Sen. Richard Lugar and Rep. Marlin Stutzman are Indiana Republicans, family farm owners and members of their respective Senate and House Agriculture committees.

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